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purpose of giving the general student the desired breadth of view of the field and a sufficiently skilled use of the tool—accounting—so necessary to the business executive.

A lesser defect is its failure to differentiate sufficiently between the kind of development of subject-matter—and the method of developing it—required for high-school and college students. A comparison of the present book with *Bookkeeping and Accounting*, a high-school text by Mr. McKinsey, shows, in the reviewer's judgment, a too close and at times an almost blind following of the development and treatment there set forth for the first course in high school.

The book is, however, basically sound, well written, and worthy of careful consideration on the part of any instructor.

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*Foreign Exchange.* A. C. WHITAKER. Published by D. Appleton & Co., 1919. xiv+646 pages.

The literature dealing with foreign exchange has, in the past, come from several sources. Economists have generally included a chapter or more on foreign exchange in their general economic treatises, either as a part of the discussion of the mechanism of exchange, or as part of the theory of foreign trade. Bankers have occasionally developed the subject from the viewpoint of international banking and finance; and, under the stimulus of American interest in foreign trade, have begun lately to adapt their discussions to the needs of their clients, the importer and exporter. Occasionally those interested in foreign trade from the administrative viewpoint have attempted to explain foreign exchange as it seemed to affect their immediate problems. An illustration of the economist treatment of the subject is H. G. Brown's *International Trade and Exchange*; Anthony W. Margraff's *International Exchange* is an excellent example of the banker's viewpoint; and B. Olney Hough's *Practical Exporting* contains a chapter on "Exchange," which illustrates the approach of one who is mainly concerned with the administrative problems involved in exporting.

Each of these groups has a different purpose to serve in attempting the exposition of foreign exchange. The economist with his national outlook naturally approaches it from the standpoint of the equation of indebtedness between different countries, the determination of the terms of the international exchange, and the distribution of the monetary metals among the different countries. The banker, of course, views

it through the activities of his foreign department, in which the purchase and sale of drafts, the maintenance and control of the foreign balance, and dealings in exchange of various sorts, are daily occurrences. The exporter or importer is mainly interested in foreign exchange, in so far as it affects the quotation of prices to the foreign buyer, the price he must pay for remittance, the price he should receive for his bill, or the terms of the bill itself which may enhance its price, or its value for securing a loan. The banker, therefore, explains phases of the subject that do not seem to affect the other classes very directly. Doubtless, the precise phraseology of drafts is a very important question both to the banker and the exporter; but one could formulate a theory of foreign exchange in its relation to foreign trade without any very intimate acquaintance with such documents at all. Such expositions of foreign exchange, therefore, tend to become one-sided and incomplete.

Not only in subject-matter, but also in methods of presentation great divergencies have appeared among the different authors. The subject is not exactly a romantic one; clearness has seemed the one indispensable requirement; and authors have apparently been at no small pains to secure this quality. Some, like Margraff, have secured clearness for a limited group; but they furnish difficult reading for others. Others, of which Thomas York's *Foreign Exchange Theory and Practice* is an example, in their effort at simplicity have sacrificed reality. The author last mentioned, for instance, develops his subject by assuming that every foreign-exchange transaction involves an exchange of a certain number of grains of gold, discarding the monetary unit throughout most of his discussion. Clare's *A B C of the Foreign Exchanges* and Franklin Escher's *Foreign Exchange Explained* have succeeded in dealing very clearly with this subject, but they have done so at the expense of comprehensiveness.

In the present instance, so it seems to the reviewer, Professor Whitaker has succeeded in producing a book on foreign exchange, which is both clear and comprehensive; which will be of interest to banker, merchant, and economist, and not unintelligible to the lay reader, who may belong to none of those groups. Although only a relatively short space is devoted to the theory of the exchanges in the narrower sense of that term, as Professor Whitaker quite frankly remarks, "most that is told herein is worth the economist's knowing."

The method of approach to the subject, which the author has adopted, is rather different from that usually found. Instead of starting with a theory of foreign exchange, he has left that for the final chapters

of his volume. Foreign exchange is usually carried on through the purchase and sale of rights; and the evidence of these rights is contained in various documents, such as bills of exchange, letters of credit, authorities to negotiate, letters of hypothecation, and the like. Exchange rates are rates at which such rights thus evidenced are bought and sold. The logical starting-point, therefore, is an examination of these documents which evidence the rights dealt in. The very fact that there are dealings in exchange implies the existence of dealers who specialize in such dealings; the market organization for foreign exchange, and the kind of transactions carried on by such dealers form the logical next step. Without further elaboration of outline, it may be said that the chapters of this book fall roughly under five headings, as follows: "Legal Nature of Bills of Exchange," "Classification of Bills of Exchange and other Related Foreign Exchange Documents," "Dealings in Foreign Exchange," "Money and Monetary Systems," "Theory of Foreign Exchange."

There are certain features of subject-matter and mode of presentation that warrant specific comment. The treatment of documentation in foreign exchange, found in chapters v, vi, and vii, is very complete. This is a distinct contribution to the subject, for these topics have heretofore received exposition mainly in pamphlets, and that in a very fragmentary manner. Similarly, chapter x has a very good explanation of the various clauses used in bills of exchange, such as the "colonial clause," and the ninety-day settlement clause so often used in Argentine trade. A very useful work has been done in fully explaining the purpose and operation of such clauses. Chapter xxi, the final chapter, presents in thorough manner the factors operating to affect the spreads between different classes of bills of exchange. This, likewise, is a phase of the subject that has hitherto received very scant attention. In chapter xiv the subject of arbitrage is given very extended discussion. The author has not only explained the function of arbitrage, but he has indicated the precise manner of its operation and the way in which the drafts may be drawn. The subject is again referred to in chapter xxi, where it is declared that arbitrage tends to bring only the cable rates to an absolute parity. In each of these cases, as it seems to the writer, a distinct advance has been scored both in exposition and in thought.

It is, of course, no disparagement of Professor Whitaker's achievement to say that it contains many chapters that are not new. Chapters xv-xix dealing with "Money and Monetary Systems," though well written, contain little that is new, either in theory or exposition. The

author's discussion of dollar credits in the Addendum, though presenting the probably sound conclusion, does not seem to the writer to do full justice to that subject. Since most of the reasoning is based upon pre-war experience, a chapter on foreign exchanges during the war would not seem out of place. Exchanges between gold standard and silver standard countries (also countries with depreciated paper) do not receive treatment; it would seem desirable to consider them at least in relation to the speculative aspect of foreign exchange. Perhaps in view of Spalding's able discussion of the eastern exchanges, Professor Whitaker felt that this subject should be left to more advanced studies. There is, of course, plenty of room for difference of opinion as to whether these should be considered in a general treatment of the subject.

Not the least of the merits of the volume is the fact, that it is very well written throughout, that it is replete with illustrations which clarify obscure points, and that great effort has been put forth to obtain precision of statement. The writer believes that Professor Whitaker has given us a comprehensive, well-balanced, lucid exposition of a difficult subject; and that this study should be of interest to bankers, merchants, and economists generally.

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*The Expansion of Europe, A History of the Foundations of the Modern World.* By WILLIAM CORTEZ ABBOTT. New York: Henry Holt & Co. 2 Vols. Pp. xxi+512, xiii+463.

The term Expansion of Europe has usually been understood to mean the extension of European influence and the spread of European civilization into regions beyond the geographical frontiers of what we used to call the European continent. Professor Abbott in his two volumes which have appeared under that title has not used it in that sense. What he has really undertaken to do is to write a history of European civilization the world over from the end of the Middle Ages to the French Revolution. His interpretation of the term civilization is as broad almost as may be. It includes matters political, religious, and economic, it includes the arts and the sciences, mathematics and philosophy, prose and poetry, music and painting, furniture and wearing apparel. Nothing human is quite foreign to Professor Abbott. He ranges the world from China to Peru, and runs the whole gamut of human interests from the mysteries of transubstantiation to Shakespeare and the musical glasses.